

GLENWOOD TOWN
FINANCIAL STATEMENTS
JUNE 30, 2005

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Kimball & Roberts

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Richfield, Utah 84701


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Honorable Mayor and Town Board
Glenwood Town
Glenwood, Utah 84730

We have compiled the accompanying financial statements of the governmental activities, business-type activities, each major fund and the aggregate remaining fund information of Glenwood Town as of and for the year ended June 30, 2005, which collectively comprise the Town's basic financial statements as listed in the table of contents, in accordance with *Statements on Standards for Accounting and Review Services* issued by the American Institute of Certified Public Accountants.

A compilation is limited to presenting in the form of financial statements information that is the representation of management. We have not audited or reviewed the accompanying financial statements and, accordingly, do not express an opinion, or any other form of assurance, on them.

The management's discussion and analysis and budgetary comparison information, on pages 4 through 13 and 39 through 41, are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have compiled the supplementary information from information that is the representation of management, without audit or review. Accordingly, we do not express an opinion or any other form of assurance on the supplementary information.


KIMBALL & ROBERTS, P. C.
Certified Public Accountants

November 2, 2005
Richfield, Utah

**GLENWOOD TOWN
MANAGEMENT'S DISCUSSION AND ANALYSIS
For The Year Ended June 30, 2005**

This discussion of Glenwood Town financial performance provided an overview of the Town's financial activities for the year ending June 30, 2005. This report is in conjunction with the Town's financial statements.

The purpose of the Town is to provide general services to its residents which includes general government, public safety, highways and streets and parks, recreation and public property.

Financial Highlights

- * The assets of the Town exceeded its liabilities as of the close of the most recent year by \$737,758 (net assets). Of this amount, \$139,118 (unrestricted net assets) which may be used to meet its ongoing obligations to citizens and creditors.
- * The government's total net assets decreased by \$25,062. The revenues met or exceeded the adopted budgeted amounts, and expenditures were less than the adopted budgeted amounts in the general fund.
- * At the close of the current year, the Town's governmental funds reported ending fund balance of \$29,582, an increase of \$7,355 in comparison with the prior year. Approximately 91 percent of this total amount, \$26,859 is available for spending at the government's discretion (unreserved fund balance).
- * At the end of the current year, unreserved fund balance for the general fund was \$26,228, or 23 percent of total general fund expenditures.
- * The Town's total debt decreased by \$14,250 during the current year.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Town's basic financial statements. The Town's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the Town's finances, in a manner similar to a private sector business.

The *statement of net assets* presents information on all of the Town's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the Town is improving or deteriorating.

The *statement of activities* presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the Town that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges. The governmental activities of the Town include general government, public safety, highways and streets and parks, recreation and public property. The business-type activity of the Town is the culinary water operations.

Refer to the table of contents for the location of the government-wide financial statements.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The Town, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Town can be divided into two categories: governmental funds and enterprise funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statement, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on balance of spendable resources available at the end of the year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditure, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Glenwood Town maintains three individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances.

The Town adopts an annual appropriated budget for its governmental funds. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with the budget.

Refer to the table of contents for the location of the basic governmental fund financial statements.

Proprietary Funds

Glenwood Town maintains one proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provides information for the culinary water operations.

Refer to the table of contents for the location of the basic proprietary fund financial statements.

Notes To The Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are part of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the Town.

Government-Wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Glenwood Town's, assets exceeded liabilities by \$737,758 at the close of the most recent fiscal year. By far the largest portion of the Town's net assets (75 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The Town uses these capital assets to provide services to citizens; consequently, these assets are *not* available for future spending. Although the Town's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

A portion of the Town's net assets (7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets, \$139,118, may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the year, the Town is able to report positive balances in all three categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

Glenwood Town's Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Current and Other Assets	40,701	22,227	158,048	158,006	198,749	180,233
Capital Assets	467,015	505,190	299,475	308,175	766,490	813,365
Total Assets	507,716	527,417	457,523	466,181	965,239	993,598
Long-Term Liabilities	42,750	45,000	171,234	183,224	213,984	228,224
Other Liabilities	11,119	-	2,378	2,544	13,663	2,544
Total Liabilities	53,869	45,000	173,612	185,768	227,647	230,768
Net Assets:						
Invested in Capital Assets						
Net of Related Debt	424,265	460,190	125,863	122,397	550,128	582,587
Restricted	2,723	2,004	45,789	46,663	48,512	48,667
Unrestricted	26,859	20,223	112,259	111,343	139,118	131,566
Total Net Assets	453,847	482,417	283,911	280,403	737,758	762,820

Governmental Activities

Governmental activities decreased Glenwood Town's net assets by \$28,570.

Glenwood Town's Changes in Net Assets

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenues:						
Program Revenues:						
Charges for Services	53,986	37,700	39,769	36,251	93,755	73,951
Operating Grants	24,826	33,180	-	-	24,826	33,180
Capital Grants	-	-	-	-	-	-
General Revenues:						
Property Taxes	8,384	8,523	-	-	8,384	8,523
Other Taxes	34,676	32,715	-	-	34,676	32,715
Impact Fees	1,385	-	4,108	9,982	4,108	9,982
Unrestricted Investment Earnings	435	404	2,921	1,570	3,356	1,974
Total Revenues	123,692	112,522	46,798	47,803	169,105	160,325
Expenses:						
General Government	39,661	47,829	-	-	39,661	47,829
Public Safety	4,991	4,727	-	-	4,991	4,727
Public Health	24,073	22,801	-	-	24,073	22,801
Highways & Public Imprvmnts	61,645	78,601	-	-	61,645	78,601
Parks & Recreation	21,892	18,630	-	-	21,892	18,630
Interest on Long-Term Debt	-	-	5,120	5,300	5,120	5,300
Culinary Water Operations	-	-	38,170	13,554	38,170	13,554
Total Expenses	152,262	172,588	43,290	18,854	195,552	191,442
Increase in Net Assets Before Transfers	(28,570)	(60,066)	3,508	28,949	(26,447)	(31,117)
Transfers	-	30,000	-	(30,000)	-	-
Increase in Net Assets	(28,570)	(30,066)	3,508	(1,051)	(25,062)	(31,117)
Net Assets - Beginning	482,417	512,483	280,403	281,454	762,820	793,937
Net Assets - Ending	453,847	482,417	283,911	280,403	737,758	762,820

* The Town received operating grants of \$24,826. Of this amount, \$24,686 was received for Class C Roads.

For the most part, increases in expenses closely paralleled inflation and growth in the demand for services.

Business-Type Activities

Business-type activities increased the Town's net assets by \$3,508.

- * The depreciation in the enterprise funds remained the same as the prior year.

Financial Analysis of the Government's Funds

As noted earlier, the Town uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds

The focus of the Town's *governmental funds* is to provide information on near-term inflows, outflows and balances of *spendable* resources. Such information is useful in assessing the Town's financing requirements. In particular *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the year.

At the end of the year, the Town's governmental funds reported combined ending fund balances of \$29,582, an increase of \$7,355 in comparison with the prior year. Approximately 91 percent of this amount \$26,859, constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is *reserved* to indicate that it is not available for new spending because \$2,723 has already been committed to impact fees.

As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 23 percent of total general fund expenditures, while total fund balance represents 25 percent of that same amount.

Proprietary Funds

The Town's proprietary fund provides the same type of information found in the government-wide financial statements but in more detail.

Unrestricted net assets of the water fund at the end of the year was \$112,259. Other factors concerning the finances of these funds has already been addressed in the discussion of the Town's business-type activities.

General Fund Budgetary Highlights

The differences between the original budget and the final amended budget was an increase of \$10,975.

- * General government decreased \$7,695.
- * Public safety decreased \$500.
- * Highways increased \$3,200.
- * Parks and recreation increased \$9,595.
- * Other increased \$400.

Actual revenues were more than budgeted revenues by \$6,522 and actual expenditures were less than budgeted expenditures by \$818 resulting in a net increase in fund balance of \$7,340.

Capital Asset and Debt Administration

Capital Assets

Glenwood Town's investment in capital assets for its governmental activities as of June 30, 2005, was \$467,015 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water shares, equipment and infrastructure, which includes roads.

There were no material capital asset additions or deletions during the current fiscal year.

Glenwood Town's Capital Assets (net of depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Land	28,400	28,400	-	-	28,400	28,400
Water Shares	5,500	5,500	-	-	5,500	5,500
Infrastructure	180,000	202,500	-	-	180,000	202,500
Buildings	213,893	222,454	48,000	49,200	261,893	271,654
Water System	-	-	251,475	258,975	251,475	258,975
Equipment	39,222	46,336	-	-	39,222	46,336
Total	467,015	505,190	299,475	308,175	766,490	813,365

Additional information on the Town's capital assets can be found in the notes to the financial statements.

Long -Term Debt

At the end of the current year, the Town's had total bonded debt outstanding of \$213,984. The debt represents bonds secured solely by specified revenue sources (i.e. revenue bonds).

Glenwood Town's Long-Term Debt

	Governmental Activities		Business-Type Activities		Total	
	2005	2004	2005	2004	2005	2004
Revenue Bonds	42,750	45,000	171,234	183,234	213,984	228,234

State statutes limit the amount of general obligation debt a governmental entity may issue to 12 percent of its total fair market value of taxable property in the Town. The Town's general obligation debt limit is approximately \$1,500,000. Presently, the Town has no general obligation debt.

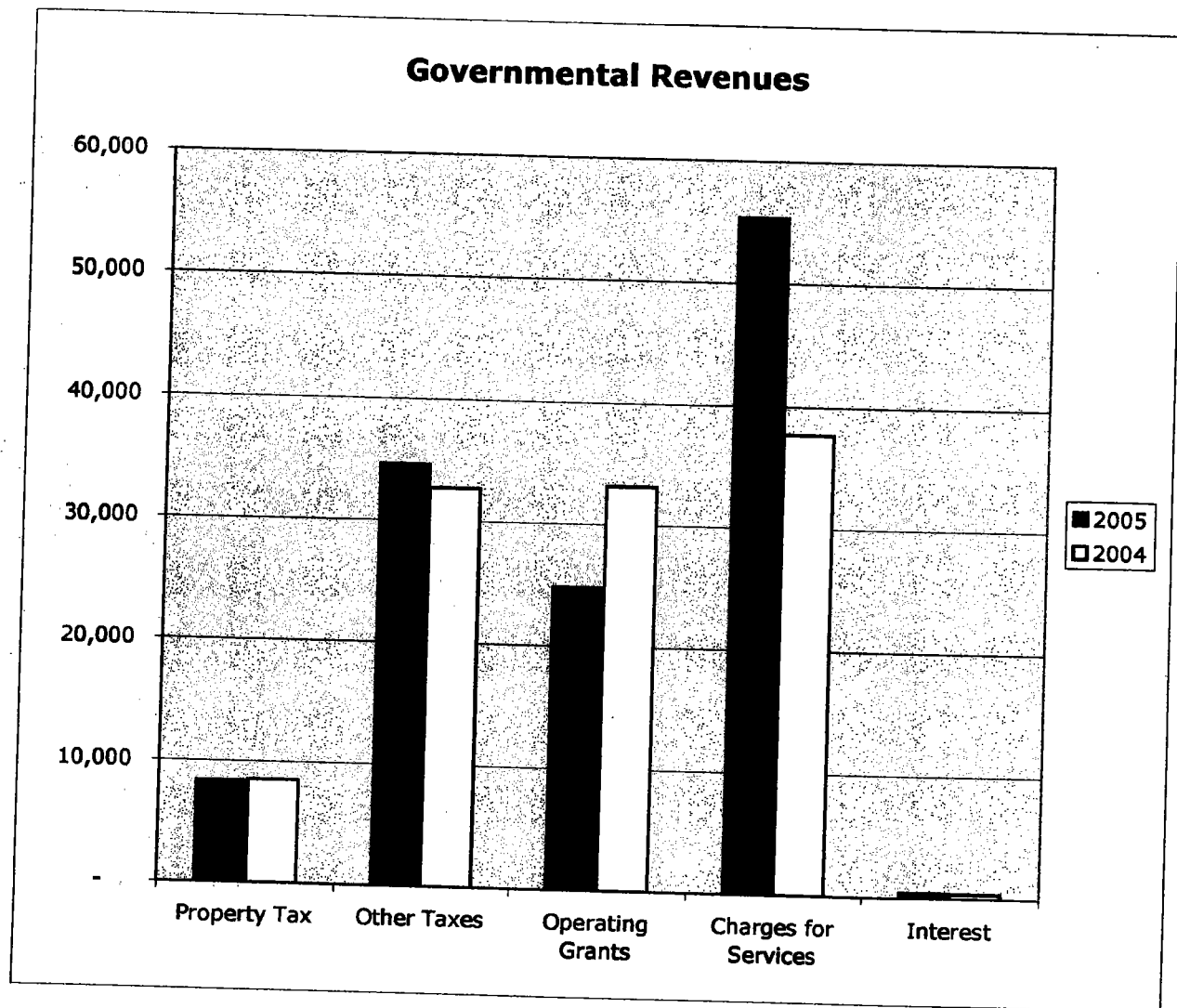
Additional information on Glenwood Town's long-term debt can be found in the notes of the financial statements.

Request for Information

This financial report is designed to provide a general overview of Glenwood Town's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Glenwood Town Treasurer, 175 East 300 North, Glenwood, Utah, 84730-0478.

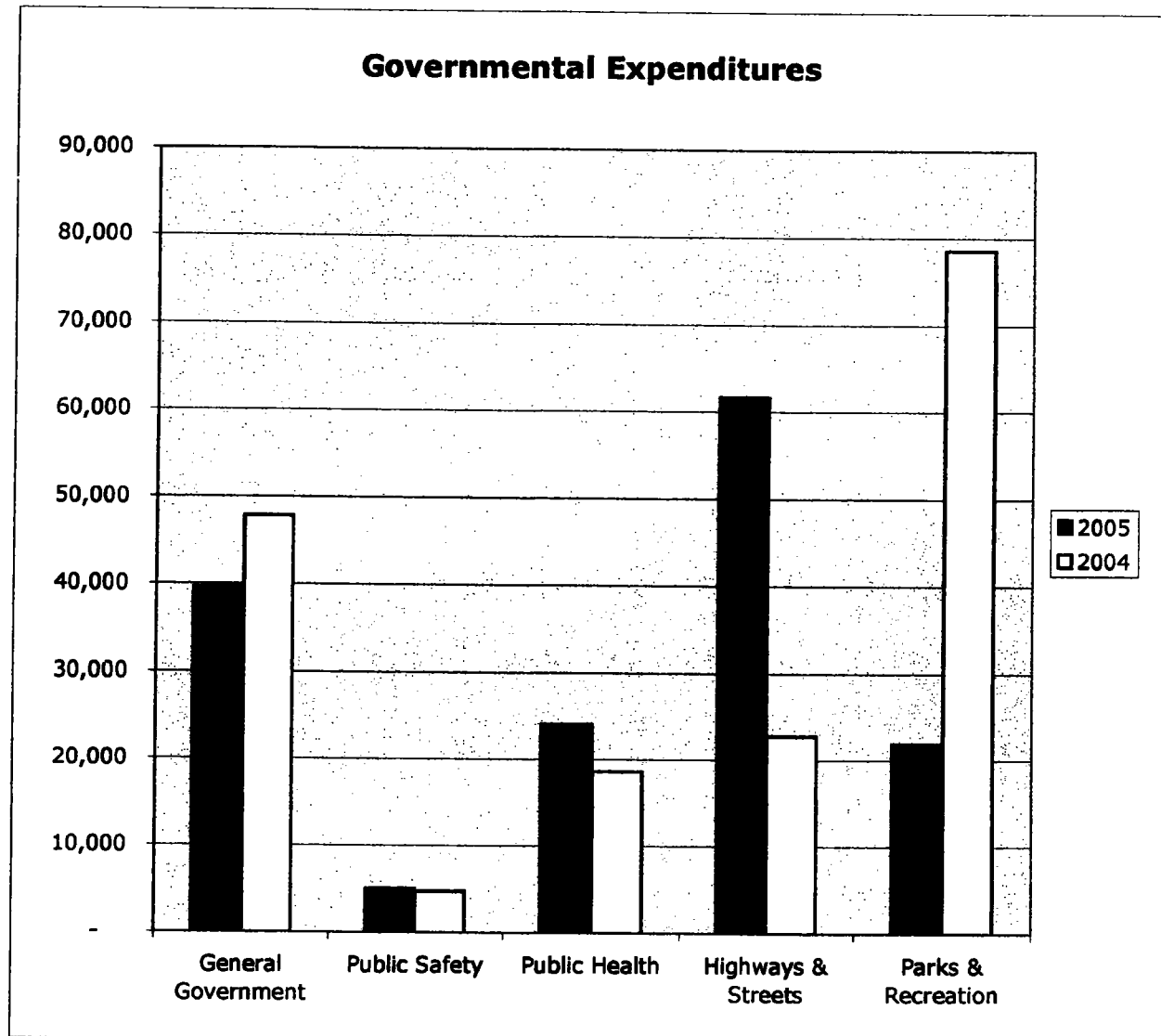
**Glenwood Town
Governmental Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Property Tax	8,384	8,523
Other Taxes	34,676	32,715
Operating Grants	24,826	33,180
Charges for Services	55,371	37,700
Interest	435	404
Total Revenues	123,692	112,522



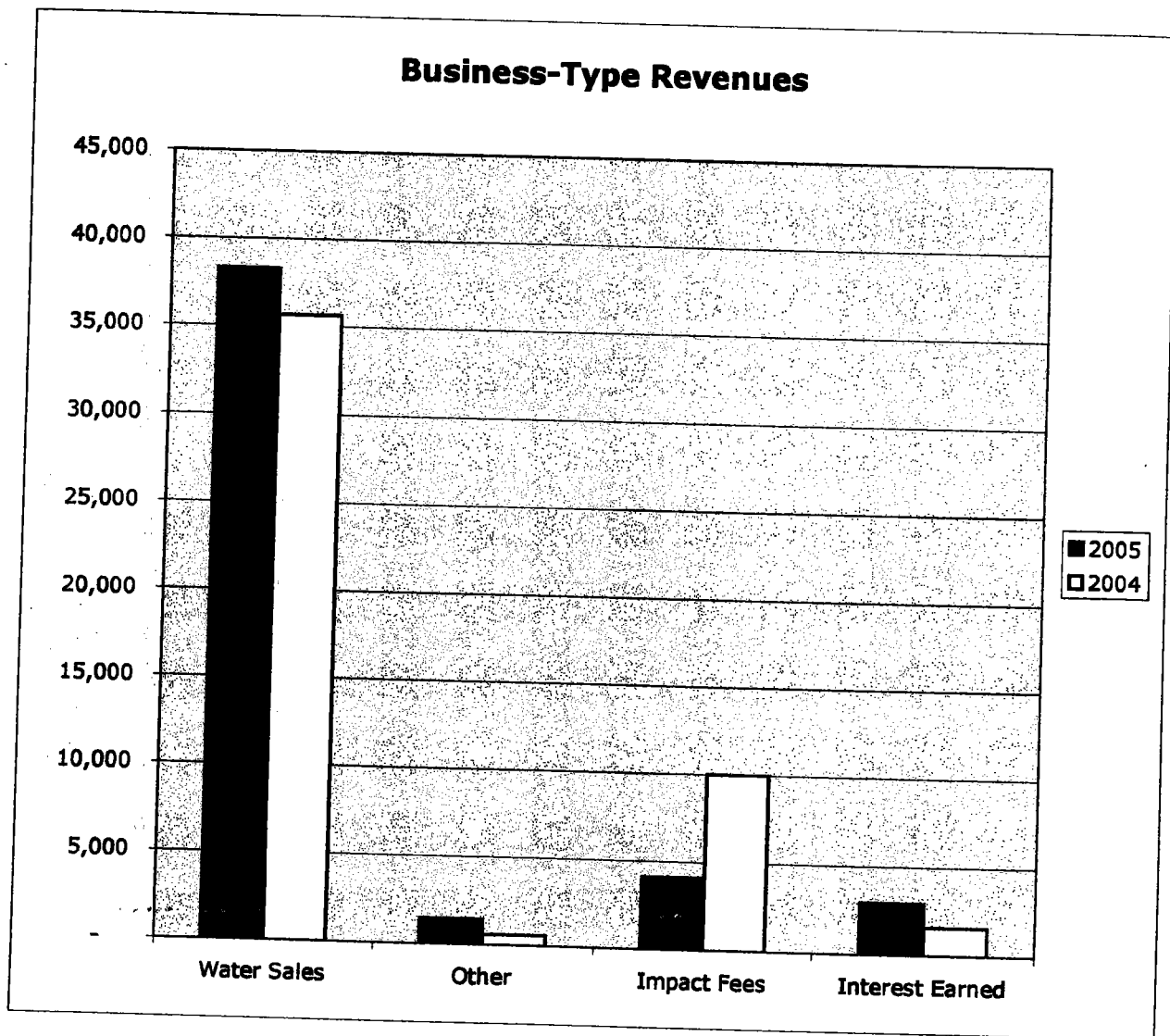
**Glenwood Town
Governmental Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
General Government	39,661	47,829
Public Safety	4,991	4,727
Public Health	24,073	18,630
Highways & Streets	61,645	22,801
Parks & Recreation	21,892	78,601
Total Expenditures	152,262	172,588



**Glenwood Town
Business-Type Revenues
For The Fiscal Years Ending June 30, 2005 and 2004**

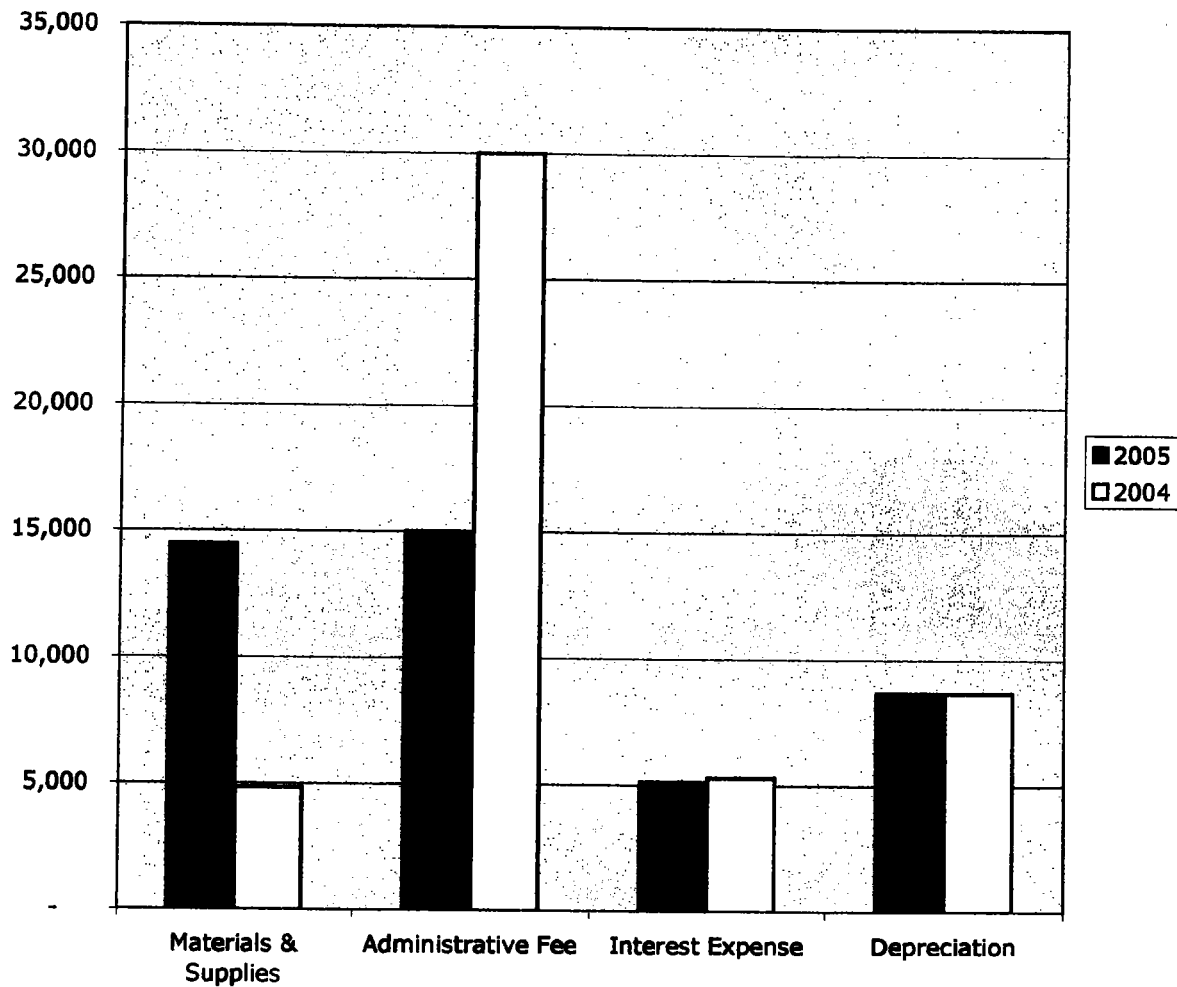
	2005	2004
Water Sales	38,326	35,657
Other	1,443	594
Impact Fees	4,108	9,982
Interest Earned	2,921	1,570
Total Revenues	46,798	47,803



**Glenwood Town
Business Type Expenditures
For The Fiscal Years Ending June 30, 2005 and 2004**

	2005	2004
Materials & Supplies	14,470	4,854
Administrative Fee	15,000	30,000
Interest Expense	5,120	5,300
Depreciation	8,700	8,700
Total Expenditures	43,290	48,854

Business-Type Expenditures



(This page contains no information and
is used to assist in formatting, for easier reading)

BASIC FINANCIAL STATEMENTS

**GLENWOOD TOWN
STATEMENT OF NET ASSETS**

June 30, 2005

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Current Assets:			
Cash and Cash Equivalents	31,445	130,767	162,212
Accounts Receivable (Net)	4,115	4,831	8,946
Due From Other Government Units	5,141	-	5,141
Total Current Assets	40,701	135,598	176,299
Noncurrent Assets:			
Restricted Cash and Cash Equivalents	-	22,450	22,450
Capital Assets (Net of Accumulated Depreciation):			
Land	28,400	-	28,400
Water Shares	5,500	-	5,500
Buildings	213,893	48,000	261,893
Equipment	39,222	-	39,222
Water System	-	251,475	251,475
Infrastructure	180,000	-	180,000
Total Noncurrent Assets	467,015	321,925	788,940
TOTAL ASSETS	507,716	457,523	965,239
LIABILITIES			
Current Liabilities:			
Accounts Payable	11,119	-	11,119
Accrued Interest Payable	-	2,378	2,378
Bonds Payable - Due Within One Year	2,250	13,000	15,250
Total Current Liabilities	13,369	15,378	28,747
Noncurrent Liabilities:			
Bonds Payable - Due More Than One Year	40,500	158,234	198,734
TOTAL LIABILITIES	53,869	173,612	227,481
NET ASSETS			
Investment in Capital Assets, Net of Debt	424,265	125,863	550,128
Restricted For:			
Bond Retirement	-	22,450	22,450
Impact Fees	2,723	23,339	26,062
Unrestricted	26,859	112,259	139,118
TOTAL NET ASSETS	453,847	283,911	737,758
TOTAL LIABILITIES AND NET ASSETS	507,716	457,523	965,239

See accompanying notes and accountant's report.

**GLENWOOD TOWN
STATEMENT OF ACTIVITIES**

For The Fiscal Year Ended June 30, 2005

Function/Programs Primary Government:	Expenses	Program Revenues		Net (Expense) Revenues and		
		Charges for Services	Operating Grants/Capital Grants/ Contributions	Governmental Activities	Business-Type Activities	Total
Governmental Activities:						
General Government	39,661	21,050	-	(18,611)	-	(18,611)
Public Safety	4,991	-	140	(4,851)	-	(4,851)
Public Health	24,073	23,882	-	(191)	-	(191)
Highways and Public Improvements	61,645	5,855	-	(31,104)	-	(31,104)
Park and Recreation	21,892	3,199	-	(18,693)	-	(18,693)
Interest on Long-Term Debt	-	-	-	-	(5,120)	(5,120)
Total Governmental Activities	152,262	53,986	24,826	(73,450)	(5,120)	(78,570)
Business-Type Activities:						
Water Fund	38,170	39,769	-	-	1,599	1,599
Total Primary Government	190,432	93,755	24,826	(73,450)	(3,521)	(76,971)
General Revenues:						
Property Taxes				8,384	-	8,384
Fee-In-Lieu of Property Taxes				2,748	-	2,748
Sales Taxes				31,928	-	31,928
Impact Fees				1,385	4,108	5,493
Unrestricted Investment Earnings				435	2,921	3,356
Total General Revenues and Transfers				44,880	7,029	51,909
Change in Net Assets				(28,570)	3,508	(25,062)
Net Assets - Beginning				482,417	280,403	762,820
Net Assets - Ending				453,847	283,911	737,758

See accompanying notes and accountant's report.

**GLENWOOD TOWN
BALANCE SHEET
GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS			
Cash and Cash Equivalents	30,814	631	31,445
Accounts Receivable (Net)	4,115	-	4,115
Due From Other Government Units	<u>5,141</u>	<u>-</u>	<u>5,141</u>
TOTAL ASSETS	<u><u>40,070</u></u>	<u><u>631</u></u>	<u><u>40,701</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>11,119</u>	<u>-</u>	<u>11,119</u>
Fund Balances:			
Reserved For:			
Impact Fees	2,723	-	2,723
Unreserved, Reported In:			
General Fund	26,228	-	26,228
Capital Project Fund	<u>-</u>	<u>631</u>	<u>631</u>
Total Fund Balance	<u>28,951</u>	<u>631</u>	<u>29,582</u>
TOTAL LIABILITIES AND FUND BALANCE	<u><u>40,070</u></u>	<u><u>631</u></u>	<u><u>40,701</u></u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
BALANCE SHEET RECONCILIATION TO STATEMENT OF NET ASSETS

June 30, 2005

Total Fund Balances - Governmental Fund Types	29,582
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Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds:

Land	28,400	
Water Shares	5,500	
Buildings	213,893	
Equipment	39,222	
Infrastructure	<u>180,000</u>	

Total (Net of Depreciation)	467,015
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Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	<u>(42,750)</u>
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Net Assets of Government Activities	<u><u>453,847</u></u>
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GLENWOOD TOWN
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

For The Fiscal Year Ended June 30, 2005

	General Fund	Other Governmental Funds	Total Governmental Funds
Revenues:			
Taxes	43,060	-	43,060
Licenses and Permits	2,555	-	2,555
Intergovernmental Revenue	24,826	-	24,826
Charges for Services	47,936	-	47,936
Interest	420	15	435
Miscellaneous Revenues	3,495	-	3,495
	<u>122,292</u>	<u>15</u>	<u>122,307</u>
Total Revenues			
	<u>122,292</u>	<u>15</u>	<u>122,307</u>
Expenditures:			
Current:			
General Government	36,350	-	36,350
Public Safety	4,991	-	4,991
Public Health	24,073	-	24,073
Highways and Public Improvements	33,031	-	33,031
Parks and Recreation	17,892	-	17,892
	<u>116,337</u>	<u>-</u>	<u>116,337</u>
Total Expenditures			
	<u>116,337</u>	<u>-</u>	<u>116,337</u>
Excess Revenues Over (Under) Expenditures			
	<u>5,955</u>	<u>15</u>	<u>5,970</u>
Other Financing Sources (Uses):			
Impact Fees	1,385	-	1,385
	<u>1,385</u>	<u>-</u>	<u>1,385</u>
Total Other Financing			
	<u>1,385</u>	<u>-</u>	<u>1,385</u>
Net Change In Fund Balance			
	7,340	15	7,355
Fund Balance - Beginning			
	<u>21,611</u>	<u>616</u>	<u>22,227</u>
Fund Balance - Ending			
	<u>28,951</u>	<u>631</u>	<u>29,582</u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For The Fiscal Year Ended June 30, 2005

Amounts reported for governmental activities in the statement of activities are different because:

Net Changes in Fund Balances - Total Governmental Funds	7,355
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Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period:

Depreciation	(38,175)
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The issuance of long-term debt (e.g., bonds, leases) provide current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. This amount is the net effect of these differences in the treatment of long-term debt and related items:

Payment on Long-Term Debt	<u>2,250</u>
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Changes In Net Assets of Governmental Activities	<u><u>(28,570)</u></u>
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**GLENWOOD TOWN
STATEMENT OF NET ASSETS
PROPRIETARY FUND**

June 30, 2005

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Water Fund</u>
ASSETS:	
Current Assets:	
Cash and Cash Equivalents	130,767
Accounts Receivable	4,831
	<u> </u>
Total Current Assets	135,598
	<u> </u>
Noncurrent Assets:	
Investments - Restricted:	
Bond Retirement	22,450
Capital Assets: (Net of Accumulated Depreciation)	
Buildings	48,000
Improvements Other Than Buildings	251,475
	<u> </u>
Total Noncurrent Assets	321,925
	<u> </u>
TOTAL ASSETS	457,523
	<u> </u>
LIABILITIES:	
Current Liabilities:	
Bond Interest Payable	2,378
Bonds Payable - Current Portion	13,000
	<u> </u>
Total Current Liabilities	15,378
	<u> </u>
Noncurrent Liabilities:	
Bonds Payable - Long-Term Portion	158,234
	<u> </u>
TOTAL LIABILITIES	173,612
	<u> </u>
NET ASSETS:	
Invested in Capital Assets, Net of Related Debt	125,863
Restricted for:	
Bond Retirement	22,450
Impact Fees	23,339
Unrestricted	112,259
	<u> </u>
TOTAL NET ASSETS	283,911
	<u> </u>
TOTAL LIABILITIES AND NET ASSETS	457,523
	<u> </u>

See accompanying notes and accountant's report.

GLENWOOD TOWN
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS
PROPRIETARY FUND

June 30, 2005

	Business-Type Activity <u>Enterprise Fund</u>
	<u>Water Fund</u>
Operating Revenues:	
Charges for Sales and Services:	
Water Fees	38,326
Other	<u>1,443</u>
Total Operating Revenues	<u>39,769</u>
Operating Expenses:	
Costs of Sales and Services	14,470
Administrative Fee - General Fund	15,000
Depreciation	<u>8,700</u>
Total Operating Expenses	<u>38,170</u>
Operating Income	<u>1,599</u>
Nonoperating Revenues (Expenses):	
Impact Fees	4,108
Investment Earnings	2,921
Interest Expense	<u>(5,120)</u>
Total Nonoperating Revenues (Expenses)	<u>1,909</u>
Change in Net Assets	3,508
Total Net Assets - Beginning	<u>280,403</u>
Total Net Assets - Ending	<u><u>283,911</u></u>

See accompanying notes and accountant's report.

**GLENWOOD TOWN
STATEMENT OF CASH FLOWS
PROPRIETARY FUND**

June 30, 2005

	<u>Business-Type Activity Enterprise Fund</u>
	<u>Water Fund</u>
Cash Flows From Operating Activities:	
Receipts From Customers	38,576
Payments to Suppliers	<u>(29,470)</u>
Net Cash Provided by Operating Activities	<u>9,106</u>
Cash Flows From Capital and Related Financing Activities:	
Impact Fees	4,108
Principal Paid on Capital Debt	(12,000)
Interest Paid on Capital Debt	<u>(5,286)</u>
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(13,178)</u>
Cash Flows from Investing Activities:	
Interest Received	<u>2,921</u>
Net Cash Provided (Used) by Investing Activities	<u>2,921</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(1,151)
Cash and Cash Equivalents - Beginning	<u>154,368</u>
Cash and Cash Equivalents - Ending	<u><u>153,217</u></u>
Reconciliation of Operating Income to Net Cash Provided (Used) By Operating Activities:	
Operating Income	<u>1,599</u>
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) By Operating Activities:	
Depreciation	8,700
Increase (Decrease) in Operating Assets:	
Accounts Receivable	<u>(1,193)</u>
Total Adjustments	<u>7,507</u>
Net Cash Provided (Used) by Operating Activities	<u><u>9,106</u></u>

See accompanying notes and accountant's report.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of Glenwood Town conform to accounting principles generally accepted in the United States of America as applicable to governments. The following is a summary of the more significant policies:

The accompanying basic financial statements present the financial position of various fund types and the results of operations of the various fund types. The basic financial statements are presented for the year ended June 30, 2005.

The following is a summary of the more significant policies:

A. Reporting Entity

Glenwood Town is a municipal corporation in Sevier County, Utah. It is governed by an elected Mayor and a four member board. As required by generally accepted accounting principles, these financial statements are of the primary government, Glenwood Town, the reporting entity. The Town has no component units.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., statement of net assets and statement of changes in net assets) report information on all of the nonfiduciary activities of the primary government. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and accrual basis of accounting as are the proprietary fund and the fiduciary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the Town of Glenwood considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses and interest associated with the current fiscal period are considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenues items are considered to be measurable and available only when cash is received by the government.

The government reports the following major governmental funds:

The General Fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The Government also reports the following Other Governmental Funds:

Capital Project Fund accounts for the acquisition of fixed assets or construction of major capital improvements not being financed by proprietary or nonexpendable trust funds.

The Municipal Building Authority Fund which accounts for the construction of major fixed assets then leased to the City for City purposes.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Government reports the following Proprietary Funds:

The Utility Funds accounts for the activities of the Town water operations. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water fund are charges to customers for services. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses and depreciation on capital assets. Revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities and Net Assets or Equity

Deposits and Investments:

The government's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition.

State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds, repurchase agreements and the State Treasurer's Investment Pool.

Investments for the government, as well as for its component units, are reported at fair value. The State Treasurer's Investment Pool operates in accordance with appropriate state laws and regulations. The reported value of the pool is the same as the fair value of the pool shares.

Capital Assets:

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at date of donation.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant and equipment of the primary government, as well as the component units, is depreciated using the straight line method over the following estimated useful lives:

Improvements Other Than Buildings	40 Years
Building	45 Years
Equipment	7 - 20 Years

Long-Term Obligations:

In the government-wide financial statements long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets.

In the fund financial statement, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, if any, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuance are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Fund Equity:

In the fund financial statements, governmental funds report reservations of fund balance for amounts not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designation of fund balance represent tentative management plans that are subject to change.

E. Use of Estimates:

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could from those estimates.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

F. Budgets and Budgetary Accounting:

The governing body of the entity shall establish the time and place of the public hearing to consider the adoption of the budget and shall publish notice of the hearing at least seven days prior to the hearing (no time period given for towns) in at least one issue of the newspaper of general circulation published within the County in which the entity is located. If no such newspaper is published, the required notice may be posted in three public places within the entity's jurisdiction.

The tentative budget must be made available to the public for inspection for a number of days, as provided by law, prior to the budget hearing.

1. On or before the first regularly scheduled meeting of the Town Board in the month of May, the mayor prepares a tentative budget for the next budget year.
2. After a public notice has been published, a public hearing is then held on the adoption of the budget.
3. After the public hearing, the Town Board makes final adjustments to the tentative budget.
4. On or before June 22, the Town Board adopts the budget by resolution or ordinance and sets the tax rate for taxes.
5. The budget officer may transfer unexpended budgeted amounts within departments.
6. The Town Board may transfer unexpended budgeted amounts from one department in a fund to another department in the same fund by resolution.
7. The total budget appropriation of any governmental fund may be increased only after a public hearing has been held and followed by resolution of the Town Board.
8. Proprietary Fund budgets may be increased without a public hearing by resolution of the Town Board.
9. Budgets for the General fund are adopted on a basis consistent with generally accepted accounting principles (GAAP).

The appropriated budget is prepared by fund, function and department. The government's department heads may make transfers of appropriations within a department. Transfers of appropriations between departments require the approval of the governing council. The legal level of budgetary control is the the department level.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Fiscal Procedures Act for Utah Towns require local municipalities to restrict expenditures to authorized departmental budgets. The combined statement of revenues, expenditures and changes in fund balance - budget and actual identifies the departments and funds which have over expended budgeted amounts if any and, therefore, do not comply with appropriate fiscal procedures.

G. Property Tax Calendar

January 1	Lien Date - All property appraised based upon situs and status as of this date (real and personal).
March 1	Calendar year taxing entities must inform the County of the date, time and place of the budget hearing for the next fiscal year for inclusion with tax notice.
June 22	All taxing entities to adopt tentative budgets and proposed tax rates and report them to the county auditor.
July 22	County auditor to prepare and mail Notice of Valuation and Tax Changes to all real property owners, including centrally assessed property owners or in the event that Notices of Valuation and Tax Changes are not required, the county auditor is to compute taxes and the county treasurer is to mail tax notices.
September 1	State Tax Commission approves tax rates.
November 1	County auditor is to deliver the equalized assessment roll to the county treasurer with affidavit.
November 1	County auditor to charge the county treasurer to account for all taxes levied.
November 1	County treasurer to mail tax notices. Tax notices for calendar year entities include notice of budget hearings.
November 30	Taxes on real property become delinquent.

NOTE 2 - DEPOSITS AND INVESTMENTS

Cash and investments as of June 30, 2005, consist of the following:

	<u>Fair Value</u>
Demand Deposits - Checking	10,133
Investment - PTIF	<u>174,529</u>
Total Cash and Investments	<u><u>184,662</u></u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Cash and investments listed above are classified in the accompanying government-wide statement of net assets as follows:

Governmental Activities	31,445
Business-Type Activities - Unrestricted	130,767
Business-Type Activities - Restricted	<u>22,450</u>
 Total Cash and Cash Equivalents	 <u><u>184,662</u></u>

The Utah Money Management Act (UMMA) established specific requirements regarding deposits of public funds by public treasurers. UMMA requires that Town funds be deposited with a qualified depository which includes any depository institution which has been certified by the Utah State Commissioner of Financial Institutions as having met the requirements specified in UMMA Section 51, Chapter 7. UMMA provides the formula for determining the amount of public funds which a qualified depository may hold in order to minimize risk of loss and also defines capital requirements which an Institution must maintain to be eligible to accept public funds. UMMA lists the criteria for investments and specifies the assets which are eligible to be invest in, and for some investments, the amount of time to maturity.

UMMA enables the State Treasurer to operate the Public Treasurer's Investment Pool (PTIF). PTIF is managed by the Utah State Treasurer's investment staff and comes under the regulatory authority of the Utah Money Management Council. This council is comprised of a select group of financial professionals from units of local and state government and financial institutions doing business in the state. PTIF operations and portfolio composition is monitored at least semi-annually by the Utah Money Management Council. PTIF is unrated by any nationally recognized statistical rating organizations. Deposits in PTIF are not insured or otherwise guaranteed by the State of Utah. Participants share proportionally in any realized gains or losses on investments which are recorded on an amortized cost basis. The balance available for withdrawal is based on the accounting records maintained by PTIF. The fair value of the investment pool is approximately equal to the value of the pool shares.

Deposit and Investment Risk:

The Town maintains no investment policy containing any specific provisions intended to limit the Town's exposure to interest rate risk, credit risk and concentration of credit risk other than that imposed by UMMA. The Town's compliance with the provisions of UMMA addressed each of these risks.

Interest Rate Risk:

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. All deposits and investment of the Town are available immediately.

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 2 - DEPOSITS AND INVESTMENTS (CONTINUED)

Credit Risk:

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligations. Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover its deposits. All of the Town's demand deposits are covered by FDIC insurance.

Custodial credit risk for investment is the risk that, in the event of the failure of the counterparty (e.g., broker-dealer) to a transaction, a government will not be able to recover the value of its investment or collateral securities that are in the possession of another party. This risk is addressed through the policy of investing excess monies only in PTIF.

Concentration of Credit Risk:

Concentration of credit risk the risk of loss attributed to the magnitude of a government's investments in a single issuer. PTIF falls under the constraints of UMMA in limiting concentrations of investments.

NOTE 3 - IMPACT FEES

Effective June 30, 1997, the Town adopted an impact fee ordinance for the purpose of requiring that existing, as well as new, development pay for the fair share of public facilities through impact fees which will be used to finance, defray or reimburse the Town for all or a portion of the cost of public facilities which serve such development. The impact fee is calculated and based on the impact of new development on public facilities.

The impact fees will be based on the following schedule:

	<u>Area 1</u>	<u>Area 2</u>
Water Rights	2,000	2,000
Water Source	743	743
Distribution System	491	491
Roadways	634	1,234
Park	<u>32</u>	<u>32</u>
Total	<u><u>3,900</u></u>	<u><u>4,500</u></u>

Service Area #1 is the existing service area within the Town boundaries. Service Area # 2 are areas to which there are no water distribution lines or streets.

The Town is required to place these impact fees into a separate interest bearing account and may expend these funds only on capital improvements, retiring debt for a system, or other expenditures as allowed by law. These funds must be expended within six years from receipt or returned with interest to the payer.

Impact fee balances are shown as reserved balances in the equity section of the balance sheet.

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 4 - ACCOUNTS RECEIVABLE

Accounts receivable in the General Fund represents June billings for landfill and street light charges.
 The Water Fund accounts receivable represents water billings at June 30, 2005.

NOTE 5 - CAPITAL ASSETS

Capital assets activity for the fiscal year ended June 30, 2005, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital Assets Not Being Depreciated:				
Land	28,400	-	-	28,400
Water Shares	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>5,500</u>
 Total Capital Assets Not Being Depreciated	 <u>33,900</u>	 <u>-</u>	 <u>-</u>	 <u>33,900</u>
Capital Assets Being Depreciated:				
Buildings	304,765	-	-	304,765
Equipment	87,300	-	-	87,300
Infrastructure	<u>450,000</u>	<u>-</u>	<u>-</u>	<u>450,000</u>
 Total Capital Assets Being Depreciated	 <u>842,065</u>	 <u>-</u>	 <u>-</u>	 <u>842,065</u>
Less Accumulated Depreciation For:				
Buildings	82,311	8,561	-	90,872
Equipment	40,964	7,114	-	48,078
Infrastructure	<u>247,500</u>	<u>22,500</u>	<u>-</u>	<u>270,000</u>
 Total Accumulated Depreciation	 <u>370,775</u>	 <u>38,175</u>	 <u>-</u>	 <u>408,950</u>
 Total Capital Assets Being Depreciated (Net)	 <u>471,290</u>	 <u>(38,175)</u>	 <u>-</u>	 <u>433,115</u>
 Governmental Activities Capital Assets, Net	 <u>505,190</u>	 <u>(38,175)</u>	 <u>-</u>	 <u>467,015</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 5 - CAPITAL ASSETS (CONTINUED)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>
Business Type Activities:				
Capital Assets Being Depreciated:				
Buildings	54,000	-	-	54,000
Utility Systems	<u>300,000</u>	<u>-</u>	<u>-</u>	<u>300,000</u>
Total Capital Assets Being Depreciated	<u>354,000</u>	<u>-</u>	<u>-</u>	<u>354,000</u>
Less Accumulated Depreciation For:				
Building	4,800	1,200	-	6,000
Utility Systems	<u>41,025</u>	<u>7,500</u>	<u>-</u>	<u>48,525</u>
Total Accumulated Depreciation	<u>45,825</u>	<u>8,700</u>	<u>-</u>	<u>54,525</u>
Total Capital Assets Being Depreciated (Net)	<u>308,175</u>	<u>(8,700)</u>	<u>-</u>	<u>299,475</u>
Business Type Activities Capital Assets, Net	<u>308,175</u>	<u>(8,700)</u>	<u>-</u>	<u>299,475</u>
Total Capital Assets	<u>813,365</u>	<u>(46,875)</u>	<u>-</u>	<u>766,490</u>

Depreciation expense was charged to functions of the Primary Government as follows:

	<u>Governmental Activities</u>	<u>Business Type Activities</u>	<u>Total</u>
General Government	5,561	-	5,561
Public Health	-	8,700	8,700
Highways and Public Improvements	28,614	-	28,614
Parks and Recreation	<u>4,000</u>	<u>-</u>	<u>4,000</u>
Total Depreciation Expense	<u>38,175</u>	<u>8,700</u>	<u>46,875</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 6 - ACCOUNTS PAYABLE

Accounts payable represents monies owed vendors for goods and services rendered prior to year end. There were no accounts payable at June 30, 2005.

NOTE 7 - MUNICIPAL BUILDING AUTHORITY

On August 23, 2001, the Town board organized the Municipal Building Authority to acquire, improve or extend one or more projects and to finance their costs on behalf of the public body that created it and to all other lawful things allowed by law for this type of corporation. The trustees of the Building Authority are the Mayor, Town Board and Town Recorder and Treasurer. The Building Authority is treated as a blended component unit of the Town.

During 2001 the Building Authority issued Lease Revenue Bonds in the Amount of \$45,000 to help finance the construction of a Town Hall. The Building Authority has entered into a lease agreement with the Town for annual lease payments equal to the required debt service payment for the bond issue beginning in the fiscal year ending June 30, 2005.

NOTE 8 - LONG-TERM DEBT

Utility Long-Term Debt

Utility Bonds Payable:

On May 20, 1998, Glenwood Town issued Water Revenue Bonds in the amount of \$280,000 for the purpose of constructing improvements to the drinking water system. These bonds were purchased by the State of Utah Division of Drinking Water. The bonds require a yearly principal payment from \$11,000 to \$18,000 over 20 years plus interest at 2.8% interest. The Town prepaid a portion of the principal from unused construction funds in the amount of \$39,765.98.

The following is a summary of debt service charges over five years and thereafter:

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
January 1,			
2006	13,000	4,795	17,795
2007	13,000	4,431	17,431
2008	13,000	4,067	17,067
2009	14,000	3,703	17,703
2010	14,000	3,311	17,311
2011-2015	76,000	10,477	86,477
2016-2020	28,234	1,133	29,367
Total	<u>171,234</u>	<u>31,917</u>	<u>203,151</u>

**GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)**

June 30, 2005

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in Utility Bonds Payable:

	Outstanding June 30, 2004	Current Year Changes		Outstanding June 30, 2005
		Issued	Matured	
1998 Water Revenue Bonds 280,000 at 2.8%	183,234	-	12,000	171,234

A reserve fund of \$22,450 is also required to be funded over 72 months. The balance at June 30, 2005, was \$22,450.

Governmental Long-Term Debt

Lease Revenue Bond, Series 2001:

On August 23, 2001, the Town passed resolution 8-23-2001 authorizing the issuance of \$45,000 municipal building authority lease revenue bonds for the purpose of financing the acquisition, construction, furnishing, leasing, maintaining or operating of a Town office building and related facilities under to Town's jurisdiction. The terms of the bond issue requires yearly payments of \$2,250 per year beginning August 1, 2004 with no interest.

The following is a summary of debt service charges to maturity:

	Principal
August 1, 2005	2,250
2006	2,250
2007	2,250
2008	2,250
2009	2,250
2010-2014	11,250
2015-2019	11,250
2020-2024	9,000
	<u>42,750</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 8 - LONG-TERM DEBT (CONTINUED)

The following is a summary of changes in General Long-Term Debt:

	Outstanding June 30, 2004	Current Year Changes Issued	Matured	Outstanding June 30, 2005
Lease Revenue Bonds Series 2001	<u>45,000</u>	<u>-</u>	<u>2,250</u>	<u>42,750</u>

The bond issue requires reserve payments of \$375 per year beginning August 1, 2005, until a maximum of \$2,250 is reserved.

NOTE 9 - CLASS "C" ROAD

The following is a schedule of receipts and disbursements in Class "C" Road:

Fund Balance - Beginning of Year	-
Receipts:	
State Allotments	24,686
Disbursements:	
Road Construction and Maintenance	<u>(24,686)</u>
Fund Balance - End of Year	<u>-</u>

NOTE 10 - CAPITAL PROJECTS FUND

The following is a schedule of receipts and disbursements in the Capital Projects fund:

Fund Balance - Beginning of Year	616
Receipts	15
Disbursements	<u>-</u>
Fund Balance - End of Year	<u>631</u>

GLENWOOD TOWN
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

June 30, 2005

NOTE 11 - RISK MANAGEMENT

Glenwood Town is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Town is insured through Utah Mutual Risk Management Association for general liability coverage. The limits of coverage are \$1,000,000 with a \$1,000 deductible for each occurrence.

The Town is also covered for other risks including property damage through commercial insurance carriers. Worker's Compensation is through the State of Utah.

Claims have not exceeded coverage in any of the last three calendar years.

**REQUIRED SUPPLEMENTARY
INFORMATION
"UNAUDITED"**

**GLENWOOD TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary Fund Balance, July 1, 2004	<u>21,611</u>	<u>21,611</u>	<u>21,611</u>	<u>-</u>
Resources (Inflows):				
Taxes:				
General Property Taxes	8,050	8,050	8,215	165
Prior Years Taxes	650	650	169	(481)
General Sales and Use Taxes	28,500	28,500	31,928	3,428
Fee-In-Lieu	<u>2,800</u>	<u>2,800</u>	<u>2,748</u>	<u>(52)</u>
Total Taxes	<u>40,000</u>	<u>40,000</u>	<u>43,060</u>	<u>3,060</u>
Licenses and Permits	<u>2,400</u>	<u>2,400</u>	<u>2,555</u>	<u>155</u>
Intergovernmental Revenue:				
Class C Road	30,000	30,000	24,686	(5,314)
State Liquor Allotment	<u>55</u>	<u>55</u>	<u>140</u>	<u>85</u>
Total Intergovernmental Revenue	<u>30,055</u>	<u>30,055</u>	<u>24,826</u>	<u>(5,229)</u>
Charges for Services:				
Landfill	10,000	10,000	9,860	(140)
Garbage	12,000	12,000	14,022	2,022
Lights	5,500	5,500	5,855	355
Cemetery	1,000	1,000	3,199	2,199
Administrative Fee - Utilities	<u>10,000</u>	<u>15,000</u>	<u>15,000</u>	<u>-</u>
Total Charges for Services	<u>38,500</u>	<u>43,500</u>	<u>47,936</u>	<u>4,436</u>
Miscellaneous:				
Interest	300	300	420	120
Rental of Community Center	-	-	725	725
Impact Fees	100	100	1,385	1,285
Other	<u>800</u>	<u>800</u>	<u>2,770</u>	<u>1,970</u>
Total Miscellaneous Revenue	<u>1,200</u>	<u>1,200</u>	<u>5,300</u>	<u>4,100</u>
Amounts Available for Appropriation	<u>133,766</u>	<u>138,766</u>	<u>145,288</u>	<u>6,522</u>

**GLENWOOD TOWN
BUDGETARY COMPARISON SCHEDULE
GENERAL FUND**

For The Fiscal Year Ended June 30, 2005

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u> <u>(Budgetary Basis)</u> <u>(See Note A)</u>	<u>Variance With</u> <u>Final Budget</u> <u>Positive</u> <u>(Negative)</u>
	<u>Original</u>	<u>Final</u>		
Charges to Appropriations (Outflows):				
General Government:				
Administration	30,600	24,000	12,788	11,212
Salaries and Wages	-	-	12,082	(12,082)
Professional Services	5,000	4,750	4,800	(50)
Insurance	8,500	7,655	6,680	975
Total General Government	<u>44,100</u>	<u>36,405</u>	<u>36,350</u>	<u>55</u>
Public Safety:				
Law Enforcement	<u>5,200</u>	<u>4,700</u>	<u>4,991</u>	<u>(291)</u>
Highway and Public Improvements:				
Construction	-	15,200	15,125	75
Repairs and Maintenance	<u>30,000</u>	<u>18,000</u>	<u>17,906</u>	<u>94</u>
Total Highways and Public Improvements	<u>30,000</u>	<u>33,200</u>	<u>33,031</u>	<u>169</u>
Parks and Recreation:				
Cemetery	4,105	13,000	12,676	324
Parks and Recreation	<u>5,000</u>	<u>5,700</u>	<u>5,216</u>	<u>484</u>
Total Culture and Recreation	<u>9,105</u>	<u>18,700</u>	<u>17,892</u>	<u>808</u>
Other:				
Landfill	10,400	10,400	10,380	20
Garbage Collection	13,200	13,600	13,543	57
Miscellaneous	<u>150</u>	<u>150</u>	<u>150</u>	<u>-</u>
Total Other	<u>23,750</u>	<u>24,150</u>	<u>24,073</u>	<u>77</u>
Total Charges to Appropriations	<u>112,155</u>	<u>117,155</u>	<u>116,337</u>	<u>818</u>
Budgetary Fund Balance - June 30, 2005	<u>21,611</u>	<u>21,611</u>	<u>28,951</u>	<u>7,340</u>

**GLENWOOD TOWN
NOTE A
BUDGETARY COMPARISON SCHEDULE
BUDGET-TO-GAAP RECONCILIATION**

For The Fiscal Year Ended June 30, 2005

	<u>General Fund</u>
Sources/Inflows and Resources:	
Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedules.	145,288
Differences - Budget to GAAP:	
The fund balance at the beginning of the year is a budgetary resource but is not a current-year revenue for financial reporting purposes.	(21,611)
Impact fees are inflows of budgetary resources but are not revenues for financial reporting purposes.	<u>(1,385)</u>
Total revenues as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds.	<u><u>122,292</u></u>
Uses/Outflows of Resources:	
Actual amounts (budgetary Basis "total charges to appropriations" from the budgetary comparison schedules.	116,337
Differences - Budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting pruposes.	<u>-</u>
Total expenditures as reported on the statement of revenues, expenditures and changes in fund balances - governmental funds	<u><u>116,337</u></u>

**NONMAJOR FINANCIAL
STATEMENTS AND SCHEDULES**

**GLENWOOD TOWN
NONMAJOR GOVERNMENTAL FUNDS**

For The Fiscal Year Ended June 30, 2005

SPECIAL REVENUE FUND

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Municipal Building Authority:

The Municipal Building Authority Fund is used to construct public facilities in the City and to pay the indebtedness related to the cost of those facilities.

CAPITAL PROJECTS FUND

Capital Projects Fund

The Capital Projects Fund is used to account for the acquisition of capital assets or construction of major capital improvements.

**GLENWOOD TOWN
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS**

June 30, 2005

	<u>Building Authority Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Government Funds</u>
ASSETS			
Cash and Cash Equivalents	<u>-</u>	<u>631</u>	<u>631</u>
TOTAL ASSETS	<u><u>-</u></u>	<u><u>631</u></u>	<u><u>631</u></u>
LIABILITIES AND FUND BALANCES			
Liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances:			
Unreserved, Reported in:			
Perpetual Care Fund	<u>-</u>	<u>631</u>	<u>631</u>
Total Fund Balances	<u>-</u>	<u>631</u>	<u>631</u>
TOTAL LIABILITIES AND FUND BALANCES	<u><u>-</u></u>	<u><u>631</u></u>	<u><u>631</u></u>

GLENWOOD TOWN
COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

For The Year Ended June 30, 2005

	<u>Building Authority Fund</u>	<u>Capital Projects Fund</u>	<u>Total Nonmajor Government Funds</u>
Revenues:			
Interest	-	15	15
Lease Revenue	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Total Revenues	<u>2,250</u>	<u>15</u>	<u>2,265</u>
Expenditures:			
Debt Service:			
Principal	<u>2,250</u>	<u>-</u>	<u>2,250</u>
Net Change in Fund Balance	-	15	15
Fund Balances - Beginning	<u>-</u>	<u>616</u>	<u>616</u>
Fund Balances - Ending	<u><u>-</u></u>	<u><u>631</u></u>	<u><u>631</u></u>